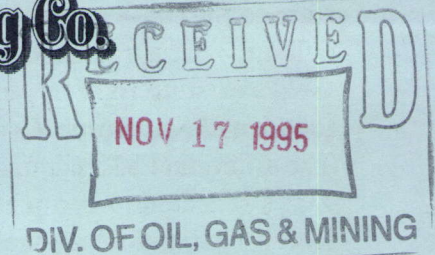


Chief Consolidated Mining Co.

EUREKA, UTAH 84628



INTERIM REPORT TO SHAREHOLDERS

To Chief's Shareholders:

Important events have taken place in the affairs of your Company since the July 17, 1995 letter to Chief shareholders that was part of Chief's 1994 Annual Report.

In brief:

- Korea Zinc Co. Ltd. purchased from Chief 500,000 shares of unregistered investment stock, representing 9.5% of your Company's outstanding shares.
- Korea Zinc's proposed entry into the Tintic joint venture via its agreement with Akiko Gold Resources, Ltd. to purchase one-half of Akiko's Gold's potential 50% interest in the project.
- Continuing highly favorable underground drilling results since the first nine drillhole assays were reported to shareholders in the July 17, 1995 letter to shareholders.
- Your Company's decision to begin its Plutus Mine exploratory and development project by initiating an underground drilling program similar to the program proposed by Asarco, Inc., but never implemented by Asarco.
- Continuing to move forward with the required regulatory filings needed in connection with Chief's proposed acquisition of South Standard Mining Company.

Following is a more detailed analysis of each of the above items:

Korea Zinc Co., Ltd.

Korea Zinc is a major smelting company of lead and zinc ores. Korea Zinc recently expanded its smelting capacity by its purchase of the Big River Smelter in Sauget, Illinois for \$52.5 million. It is reported that Korea Zinc currently produces 3% of world and 10% of Asian zinc production and 2% of world and 10% of Asian lead production as well as producing significant amounts of gold and silver.

Under an agreement between Korea Zinc and Akiko Gold, Korea Zinc has the right to purchase one-half of Akiko's Gold's 50% interest in the Tintic joint venture for \$5 million. That agreement included the assignment by Akiko Gold to Korea Zinc of Akiko Gold's existing right to purchase 500,000 shares of unregistered Chief investment stock for \$2 million. Korea Zinc made that stock purchase from Chief on September 30, 1995. The additional \$3 million commitment to the project by Korea Zinc is subject to Korea Zinc's satisfactory completion of its due diligence work and a formal agreement between Korea Zinc and Akiko Gold by November 30, 1995. A commitment by Korea Zinc to pay the \$3 million to the joint venture would reduce the amount of Akiko Gold's additional commitment to the joint venture from \$6 million to \$3 million.

Burgin orebody up-to-date drilling results:

Following are the more significant of the Burgin Project drilling assay results that are available as of the date of this letter:

<u>Drillhole Number</u>	<u>Length of Intercept</u>	<u>Ounces of Silver</u>	<u>Ounces of Gold</u>	<u>Pounds of Lead</u>	<u>Pounds of Zinc</u>
1	104 ft.	21 oz.	-	640 lbs	80 lbs
2	55 ft.	10 oz.	-	640 lbs	220 lbs
3	42 ft.	5 oz.	-	280 lbs	200 lbs
4	8 ft.	2 oz.	-	80 lbs	240 lbs
5	8 ft.	3 oz.	-	420 lbs	31 lbs
6	26 ft.	3 oz.	0.09 oz.	85 lbs	209 lbs
7	40 ft.	17 oz.	0.04 oz.	93 lbs	57 lbs
8	7 ft.	14 oz.	0.12 oz.	97 lbs	80 lbs
9 (Segment 1)	25 ft.	5 oz.	0.10 oz.	316 lbs	20 lbs
9 (Segment 1)	15 ft.	4 oz.	0.09 oz.	274 lbs	12 lbs
9 (Segment 1)	20 ft.	6 oz.	0.05 oz.	315 lbs	10 lbs
10	10 ft.	8 oz.	-	62 lbs	10 lbs
13*	24 ft.	48 oz.	-	260 lbs	130 lbs
14**	27 ft.	27 oz.	-	434 lbs	70 lbs

* Includes a 14 ft. segment assaying at 74 ounces of silver, 336 pounds of lead and 180 pounds of zinc.

** Includes an 11 ft. Segment assaying at 48 ounces of silver, 620 pounds of lead and 73 pounds of Zinc

Drilling in both the northern and eastern extended areas of the Burgin orebody is continuing. Drillhole results to date, in conjunction with prior reported proven and probable reserves, are currently being evaluated by independent consultants who have been retained to provide to Chief updated proven and probable reserve estimates. Preliminary reserve evaluation has indicated, as a result of the drilling program to date, a significant increase to the previously reported in-place proven and probable reserve estimates currently standing at: 1,032,173 tons of ore containing 23.9 million ounces of silver, 550 million pounds of lead and 180 million pounds of zinc. These reserve figures were computed by Sunshine Mining Company during the period Sunshine leased the Burgin Mine from Chief based on the results of Sunshine and Kennecott drilling programs. Sunshine reported these reserves in its various U.S. Securities and Exchange Commission filings.

Plutus Mine Project:

Work has begun on the exploration and possible development of the Plutus Mine located on your Company's properties in the Main Tintic District. Centennial Development Corporation will shortly proceed to rehabilitate the Chief # 2 Shaft to access the Plutus Mine. This shaft was previously rehabilitated in 1984 by Asarco, Inc. under its lease with Chief. The Plutus Mine is not included in the joint venture and has no current known ore reserves. Asarco terminated its lease and surrendered the property back to Chief at the end of 1984 just before Asarco was to begin an extensive underground drilling program to explore the projected downward extension of the Plutus orebody. Asarco's abrupt termination of its Main Tintic District project was due to an overall corporate policy adopted by Asarco at that time to terminate new exploration projects. Asarco had spent in excess of \$2 million during the several years that Asarco worked on its Plutus Project.

After completion of any repair work required on the Chief # 2 shaft and drifts, Chief will begin an underground drilling program which will closely follow Asarco's drilling plans to explore the projected extensions of the Plutus orebody. In limited prior production of 236,000 tons of ore mined from the Plutus orebody before the Mine was closed some 40 year ago, the metals actually produced were 6.2 million ounces of silver; 9,500 ounces of gold; 42 million pounds of lead and 1.7 million pounds of copper.

Acquisition of South Standard Mining Company:

Consummation of the acquisition of South Standard will result in Chief's ownership of the Trixie Mine and the Eureka Standard Mine. The South Standard properties will then be included in the Tintic joint venture; increasing the size of the joint venture properties to approximately 11,500 acres. The joint venture properties would then include two operational shafts, the Burgin Mine's Apex # 2 shaft which is currently being utilized for drilling activities, and the Trixie shaft, which will give access to the underground workings of the Trixie Mine and the Eureka Standard Mine.

The Trixie Mine was operated by both Kennecott and Sunshine. Beginning with the start of production in 1969 through closing in 1992 when Sunshine surrendered the Unit Lease as a result of lawsuits brought by Chief, the Trixie Mine produced 713,478 tons of ore with an average grade of 6.55 ounces of silver and 0.21 ounces of gold per ton, resulting in a total production of 4,670,289 ounces of silver and 150,048 ounces of gold.

The current status of the Tintic joint venture:

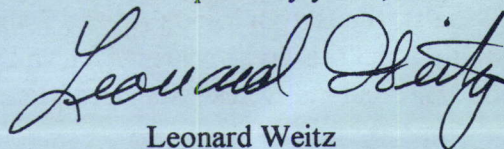
Chief has received \$4,140,000 to date from the sale of its unregistered investment stock to Korea Zinc and Akiko Gold. Subject to a formal agreement between Korea Zinc and Akiko Gold, each of these companies will be obligated to contribute \$3 million to the joint venture, for a total of \$6 million before Chief has an obligation to vest its Burgin Mining properties into the joint venture. Upon satisfactory consummation of the Korea Zinc/Akiko Gold agreement and the payment of the additional \$6,000,000 into the joint venture, the participating interests in the Tintic Joint Venture will be: Chief 50%; Korea Zinc 25%; Akiko Gold 25%.

In summary:

The speed at which developments are taking place in Utah's Tintic District reflects how dramatically your Company has benefited from the tens of millions of dollars of expenditures invested by both Kennecott and Sunshine when they formerly leased the properties that now comprise the joint venture properties. This is also true for the several million dollars spent by Asarco on Chief's Main District properties. These factors, in conjunction with positive Burgin orebody drilling results, have led to the entry of a major international smelting company into the Tintic District, both as a significant investor in your Company's stock and as a potential joint venture partner. Korea Zinc's entry into the district has also resulted in the presence of a potential smelter outlet for future ore production from the Burgin Mine project.

Your management will continue to keep Chief's shareholders informed of significant developments relating to its Tintic District mining properties.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Leonard Weitz", written in a cursive style.

Leonard Weitz
Chairman of the Board
and Chief Executive Officer

November 7, 1995